2011 ANNUAL REPORT

FRESHWATER FISH

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NUTTY COCONUT LAKE WHITEFISH

Letter of Transfer from Chairperson of the Board of Directors to Minister of Fisheries and Oceans

Honourable Keith Ashfield
Government of Canada
Minister of Fisheries and Oceans
Suite 1570, 200 Kent Street
Ottawa, Ontario
K1A 0E6

Dear Minister:

We are pleased to submit Freshwater Fish Marketing Corporation's Annual Report in accordance with Section 150 of the *Financial Administration Act* (*FAA*). The Annual Report includes audited financial statements for the fiscal year ending April 30, 2011.

I was honoured to accept this appointment as Chairperson of Freshwater Fish on August 6, 2010. In October 2010, the Board of Directors participated in a strategic planning session that included a review and discussion of risks, opportunities and new challenges the Corporation faces.

As required under Part X of the *FAA*, the Office of the Auditor General of Canada undertook a scheduled Special Examination of the Corporation and released its Report in December 2010, reporting its findings to the Board. Several recommendations were made and compliance is now being effected by senior management. The full report and our response is accessible online at www.freshwaterfish.com.

Freshwater's Board has undergone several changes in the latter half of the fiscal year, beginning with the passing of long-time Director Gordon McDougall in October. Another dedicated Director, Irvin Constant, retired in December after 14 years and a perfect attendance record. We were very pleased to welcome new Board Director Terry Bennett, the federal appointment from Matheson Island, Manitoba. Mr. Bennett's expertise and broad range of experience in the fishery are significant.

Board members continued their participation in corporate governance training in April 2011, enhancing their knowledge and skills. I am excited and proud to be leading this strongly integrated and focused team forward, as we commit to serve the best interests of our stakeholders and prepare the Corporation to meet and thrive on all its challenges.

Yours sincerely,

David Tomasson
Chairperson of the Board

ALLEYE VERMICELLI WITH FRESH DILL AND PINEAPPLE SAUC

President's Report

In 2010/11 Freshwater Fish generated a profit of $1.3 million, slightly below the previous year's $1.5 million but well below the plan of $2.6 million. The cause of this is fourfold. First, although foreign receivables are hedged for the year, the Canadian dollar exceeded forecast levels. Second, for weather and economic reasons delivery volume fell from previous year levels by 13 per cent. Third, early in the year, lake whitefish prices in a key market were under pressure from a larger than normal supply out of Lake Michigan. Finally, for the final quarter of the year, walleye inventories were at all-time lows.

In August, Freshwater Fish welcomed newly appointed Board Chairperson, David Tomasson, MA, BA. Mr. Tomasson has extensive experience in fisheries and natural resource issues: he served as the Deputy Minister Natural Resources for Manitoba from 1992-1999 and was employed by the Province in various economic development and natural resource capacities for 24 years. He also fishes commercially on Lake Winnipeg and offers experienced and strong leadership to FFMC's Board of Directors.

Every 10 years, a Special Examination of Freshwater Fish is conducted by the Office of the Auditor General of Canada (OAG). The OAG completed its Report in the fall of 2010; since then, the Board and senior management have been working in collaboration with the federal government to address the governance, planning and financial issues identified in the Report. Early responses to the Report include the addition of a third Board member to the Audit Committee, the formal appointment of a third-party contractor to undertake internal audits, and Board approval of the previously drafted revised policy on long-term debt and retained earnings. Freshwater Fish is also working with the federal government to gain approval of its Corporate Plan and associated Strategic Plan.

The Strategic Plan of Freshwater Fish was created in 2007 and is updated in the fall of every year to reflect the latest situation of the Corporation and the fishery. The Plan continues to focus on the need to renovate the now forty-year-old processing plant to reduce risk of closure and improve efficiencies and yields, to invest in business growth through new markets and value-added products, to find solutions to the long-term decline in landed volume, and to be progressive in the area of transparency and communication with stakeholder groups.

Yours sincerely,

John Wood
President and Chief Executive Officer
Winnipeg, Manitoba

NORTHERN PIKE LOIN FILLETS WITH FINE HERB

Corporate Profile

MISSION: Freshwater Fish supports the orderly management of the freshwater fishery through planned harvesting, processing and marketing strategies to maximize returns to commercial fishers.

Freshwater Fish Marketing Corporation (FFMC) is a self-sustaining federal Crown corporation that is the buyer, processor and marketer of commercially-caught freshwater fish from Manitoba, Saskatchewan, Alberta, Northwest Territories and part of northwestern Ontario. The Corporation's mandate is to purchase all fish lawfully harvested and offered for sale to create an orderly market, promote international markets, increase fish trade and increase returns to fishers. Any surpluses are distributed to fishers annually as final payments.

The Board of Directors, including the President and Chief Executive Officer, governs Freshwater Fish. All 11 Board positions are federal Order-in-Council appointments, with five appointed on the recommendation of the participating provincial governments. For the 2010/11 fiscal year, eight Board members were fishers and five were Aboriginal. The President is assisted by a four-member executive committee and 51 full-time management and administrative support staff.

Freshwater's Audit Committee is comprised of a Chairperson, the Board Chairperson, and two other Board members. Meetings are typically held the day before each Board meeting. The Committee oversees the Corporation's financial reporting process on behalf of the Board and reports to each Board meeting.

Freshwater Fish employs more than 200 full-time production staff and adds to its workforce during peak periods. Fish are caught by approximately 2,000 fishers across the region, then purchased and graded by contracted agents and corporate agencies at more than 50 delivery points. In over four decades of business in Canada and abroad, Freshwater Fish has established and sustained a solid reputation based on product reliability, quality and safety and is a recognized price leader, exercising its mandate to market fish inter-provincially and internationally.

The Freshwater Fish brand remains at the top of the US walleye market. FFMC is the largest supplier of lake whitefish to Finland, lake whitefish caviar to Sweden and Finland and northern pike to France. It is the largest individual supplier of freshwater fish to the US gefilte fish market and maintains a kosher-certified plant.

LAKE WHITEFISH CAKES WITH PANKO CRUST, CRÈME FRAICHE AND GOLDEN CAVIAR

SZECHUAN LAKE TROUT NOODLE BOWL

Year in Review

The challenges created by the strong Canadian dollar and increasing operating costs for fishers continue to limit the profitability and future viability of the fishery. The rise of the Canadian dollar against the US dollar since 2003 would have reduced Freshwater's revenues by approximately one third had it not been for a focused effort to increase market prices and divert more volume into value-added products. However, fishers have still experienced a substancial decline in prices and total returns over the same period. This has had an enormous impact on the fishery and threatens the viability of many harvesters.

Corporate

For the year ending April 30, 2011, Freshwater Fish generated an operational profit of $0.8 million. Changes in the accounting treatment of certain accounts added a further $0.5 million, bringing total earnings to $1.3 million. Final payment to fishers declined by $138,000 from the previous year to $1.2 million, and total returns to fishers declined by $5.8 million. This decline can be attributed to lower average prices ($1.68/kg in 2011 compared to $1.81/kg in 2010) and reduced deliveries of 14.2 million kilograms in 2011 compared to 16.3 million kilograms in 2010.

Marketing

Our marketing team focused its efforts on expanding into new markets, products and customer groups in response to the increasing strength of the Canadian dollar.

While the economies in many of Freshwater's key markets stabilized and showed varying signs of recovery, the strengthening Canadian dollar continued

to impact revenues, especially from US markets. As a result, our marketing activities were aimed at reducing Freshwater's reliance on the US market.

The marketing team used FFMC's key marketing drivers of "continuity of supply" and "consistency of quality" to leverage the company's reputation as a provider of high quality fish and expand overseas business to the highest percentage in our history. Sales to Europe reached 26 per cent of our total volume, nearly double the 15 per cent of three years ago.

Significant developments included the launch of new products and creating new markets and customers.

We introduced many new products this year: three more smoked lake trout offerings, four new walleye value-added products (strips, battered strips, battered fillets and battered walleye on a stick), frozen northern pike fillets in a new skin-on format, and added lake whitefish portions to our product mix.

Our market development took us around the world. Freshwater Fish participated in the Moscow International Seafood Show, the Brussels International Seafood Exposition and the Boston International Seafood Show. In addition, the marketing team conducted several trade tours to new and existing markets throughout the year. As a result, we developed new customers for northern pike caviar in eastern Europe and created new markets and customers in Russia, Latvia, Iran, Japan and Israel.

The efforts of the marketing department significantly increased sales revenues and volumes for Freshwater Fish through the challenging economic environment, while enhancing margins and building market strength.

Field Operations

Freshwater Fish experienced a challenging year as deliveries declined from the previous year due to a combination of weather and economic factors. Returns to fishers are being squeezed between lower prices as a result of the strong Canadian dollar and higher costs for labour, fuel and freight. The effect of lower prices and higher operating expenses was especially significant in Saskatchewan where it was compounded by unusually harsh winter conditions and a strengthening economy offering other more lucrative employment opportunities.

Deliveries also decreased due to the emergence of Export Dealer Licence holders who purchased mullet that previously was sold to Freshwater Fish.

Walleye production continued to be strong, with deliveries on par with those of the past several years. The walleye/pickerel fish stock in Lake Winnipeg appeared to be healthy as fishers continued to experience excellent catch rates.

Freshwater Fish again offered winter premiums for lake whitefish, walleye and sauger to encourage additional production when markets for fresh fish are strongest and to maintain a steady supply of product to our markets.

Processing

The Corporation continued to invest in plant infrastructure improvements to enhance compliance with food safety requirements and to increase productivity. Investment in the plant and the company's future will continue as the Corporation remains committed to increasing capacity for peak seasons and improving yields and labour efficiencies with the goal of becoming more competitive in the global economy with a strong Canadian dollar.

PHYLLO WRAPPED SAUGER FILLET

Year in Review (continued)

In collaboration with the marketing team, our technical staff developed new value-added products such as walleye strips and lake whitefish and walleye portions to improve returns to fishers and diversify and expand our product listing.

Human Resources
Freshwater Fish continued to focus on reducing absenteeism within its workforce. The Corporation implemented an Attendance Management Program which has significantly reduced the number of average attendance incidents per employee. When the program began, the average number of incidents per employee per year was 21; this has decreased to 16 and most recently to 10 incidents, which made a positive impact on the day-to-day operations of the processing plant.

All departments made a collaborative effort to improve the safety of our work environment. Improvements to the physical workplace, additional employee training and a comprehensive return-to-work program, as well as the addition of a full-time Health and Safety Co-ordinator, have achieved positive results. The number of days lost due to workplace incidents for the year 2008/09 was 1,011; this was reduced to 696 lost days in 2010/11.

We are working to improve the consistency of program and service delivery while addressing current and future employment needs. As we develop a Strategic Plan for the department, we will be introducing human resource metrics that will provide reporting and analytics to enable management to make informed decisions regarding challenges ahead, as well as assisting us to focus on activities that add value.

Communications
Freshwater Fish continued its efforts to expand two-way communications with all stakeholders from fishers to government.

In 2010/11, we expanded our website (www.freshwaterfish.com) to provide information to fishers, agents and customers. Through the website, we provide supply chain, quality management and pricing information to fishers and agents, and product information, including our virtual recipe book, to customers. We also continued to develop Lake-to-Plate, our quarterly fisher newsletter and created new materials to support the marketing team.

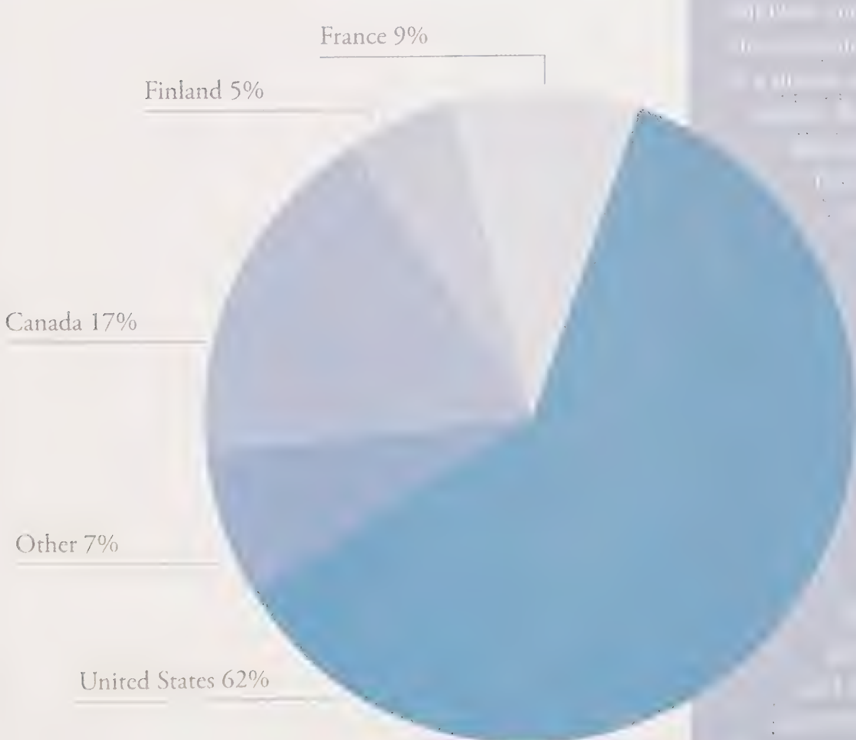
We conducted a survey among the staff at our processing plant and have developed a communications plan to engage this stakeholder group.

In February 2011 we held our first Annual Public Meeting to report on the results of the previous fiscal year. It was well-attended and provided an opportunity to discuss the challenges and opportunities facing Freshwater Fish.

We ended the year with a public awareness campaign in Manitoba to raise the profile of Freshwater Fish as a local food processer and marketer.

The response from stakeholder groups has been positive and Freshwater Fish looks forward to continued improvement and increased information flow.

where fish is marketed
(per cent of revenue)



Global Competition

Strategic Directions

A strategic focus provides the foundation for Freshwater Fish to continue as an industry leader and overcome business challenges.

In the fall of 2009, the Freshwater Fish strategic planning team worked with an outside facilitator to review the strategic plan developed in 2007 and update the key strategies for the 2010/11 fiscal year.

Freshwater Fish has made considerable headway in implementing the seven strategies, with progress on each outlined below.

Ensure the Long-Term Financial Viability of Freshwater Fish

To meet its mandate of financial self-sustainability, Freshwater Fish is working to reduce its short-term debt, finance long-term capital investments and operate on best practice principles in all business processes. A net income distribution policy that strengthens the Corporation's retained earnings to support re-investment and ensure stability was approved by the Board of Directors in fiscal year 2010/11. Freshwater Fish is also seeking additional sources of capital funding to invest in upgrading its processing infrastructure.

Develop Processing Infrastructure to Meet Fishery and Market Needs

Freshwater Fish has made significant investments in its processing infrastructure over the past five years. Since 2009, investments in an ice-making system, spiral freezer and a process operating system have improved reliability and efficiency.

However, the plant is now 40+ years old and extensive reinvestment is needed to continue to meet and exceed our customers' requirements for food safety, security and consistent quality. The next phase of plant renovations will require investment from the shareholder. We anticipate that the planned renovation will result in savings of $2.5 million per year and a subsequent increase in prices to fishers. Our plan for renovation is included in the annual Corporate Plan currently under review by the federal government.

Stakeholder Knowledge and Support

We continued to improve stakeholder knowledge and the flow of information. Communications initiatives included a website expansion, staff survey at the plant in Winnipeg, a series of regional fisher meetings and a public awareness campaign in Manitoba. In addition, Freshwater Fish held its first Annual Public Meeting in February 2011 to present the results of the 2009/10 fiscal year.

Expand the Business to Create Value and Diversify to Promote Stability

Freshwater Fish continually seeks new ways to expand its business, create value, diversify its product line and promote stability to fulfill its mandate to increase trade in fish and, ultimately, returns to fishers. Our two strategies in this area are to create broader product lines and diversify our key markets to reduce dependence on core species and markets.

In 2010/11, Freshwater Fish continued new market development activities in Germany, Russia, Latvia, Iran, Japan and Israel. Freshwater Fish also developed new products: smoked lake trout, walleye products (strips, battered strips, battered fillets and battered walleye on a stick), frozen northern pike skinless portions and expanded lake whitefish portions. Our marketing team is currently investigating and laying the groundwork for new business in other countries.

Manage Freshwater Fish Within a Market-Oriented Business Model

Freshwater Fish works with its customers and distributors to understand markets and with fishers and agents to manage the harvest to respond to consumer demands. We have developed species-specific plans to maximize the financial viability of all species pools and have seen some early successes in bringing these plans to life.

Freshwater Fish continued to offer seasonal premiums to increase deliveries in the winter, when our competitors' supplies are restricted and prices higher. We continued to develop our partnership with a processer in China to offer hand-filleted, boneless northern pike portions for sale in France and introduced a new, smaller 250 gram container for lake whitefish caviar.

Another market trend Freshwater Fish is working to address is eco-certification. Meeting certification requirements set by customers requires a lake-to-plate traceability system as well as certification of each lake within the Freshwater Fish jurisdiction. Freshwater Fish is working with its provincial government stakeholders and fisher associations to promote certification. We are also putting product tracing systems in place to be fully traceability-compliant.

Promote Sustainable Development and Commercial Viability of the Fishery

Freshwater Fish works with fishers, communities and government to promote the sustainable development and long-term viability of the fishery. This year we worked with the fishers of South Indian Lake to solve logistics issues and expedite deliveries. 2010/11 was the very successful first year of a three-year plan to grow deliveries from Great Slave Lake.

Freshwater Fish has stepped up its efforts to increase the value of its product line in response to changing

Strategic Directions (continued)

exchange rates in recent years. The US is a major market and many other markets pay in US dollars; as a result, revenues have decreased dramatically as the US dollar has weakened compared to the Canadian dollar. Freshwater Fish has responded by increasing its prices to foreign markets, pricing its European products in Canadian dollars and adding higher-margin value-added products.

Freshwater Fish is seeking solutions to declining deliveries due to their impact on supply chain efficiencies, the increased cost per unit and the weakening of our market position.

Total Quality Management

Freshwater Fish is working to ensure a stable and committed processing workforce and a stronger supply chain management system that includes the timely flow of information.

In 2010/11, Freshwater Fish completed an assessment of the current integration of quality assurance with other departments; in the coming year we will be implementing a plan to enhance standard operating procedures and increase the integration of quality assurance with all operating functions. New training to promote a culture of excellence and total quality management will be developed for staff in 2011/12.

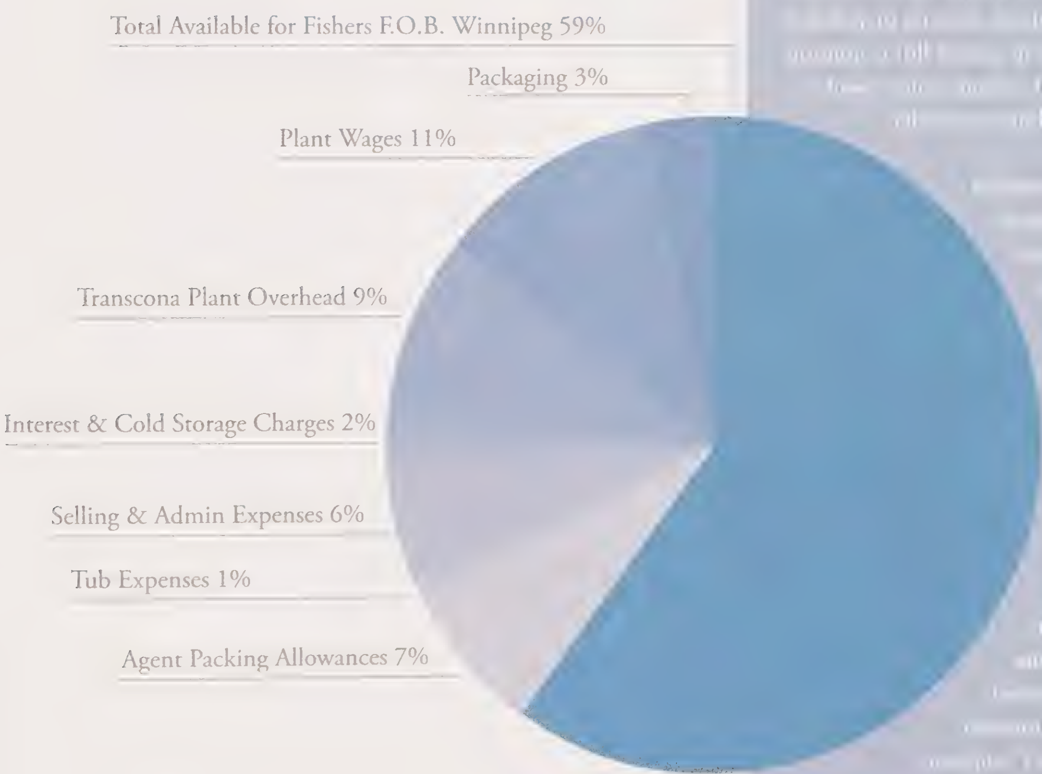
The business environment in which Freshwater Fish operates has become even more complex and competitive in the last year as global economic conditions have continued to change business dynamics, while the cost of harvesting and processing fish continues to rise.

In response to this ever-increasing complexity and competitiveness, Freshwater is working diligently with each sector of its supply chain to manage costs while retaining the high quality on which the continued success of the brand depends.

SMOKED TULLIBEE SALAD NIÇOISE

How Fishers Are Paid

WHERE SALES DOLLARS WENT
for 14 Years ended April 30, 2011



Looking Ahead

The challenges of the global food market require us to "think global, act local" to manage our supply chain to optimum productivity, maintain and strengthen our position in global markets and remain stable and sustainable in the years ahead.

Increasing Food Safety Regulation Worldwide

Freshwater Fish consistently meets the stringent standards for registration by the Canadian Food Inspection Agency (CFIA) and has in place a Quality Management Program (QMP), Hazard Analysis Critical Control Points (HACCP) and other required programs. FFMC must keep pace with new regulations, as markets such as the European Union continue to tighten requirements, or lose its ability to export. Export to markets other than the US will continue to be critical to our success in the current economic climate.

Consumer and Customer Requirements

Consumers and customers (restaurants and supermarket chains) continue to place a priority on convenience, consistent quality and food safety, while consolidation in foodservice and retail channels increases pressures on price and service levels. These trends create a challenging environment in which to maintain or improve margins. Freshwater Fish will continue to seek out new markets and products that offer the best returns to fishers.

Product and Market Development

Freshwater Fish continues to develop new markets and expand its current markets, especially in the areas of walleye, lake whitefish, northern pike and lake trout. Broader product offerings give us more to offer expanded global markets as we compete for centre-of-plate against other protein categories. In addition, value-added products help us increase market prices to offset the impact of the strengthening Canadian dollar and protect returns to fishers. We will continue to develop our partnerships with customers, fishers, brokers and distributors to reduce cost, reduce risk and increase our opportunities for success.

Fishery Sustainability

There are two significant issues that must be addressed. The first is declining volume of deliveries to Freshwater. As fishers are squeezed between lower prices, a result of the weak US dollar and increasing costs of fuel and labour, they are leaving the fishery for better paying jobs away from their communities. Freshwater and its stakeholders will need to find ways to increase volume to keep the fishery and Freshwater efficient and maintain our position of strength in the marketplace.

The second issue involves large chains setting deadlines by which they will only accept fish from fisheries where management, harvesting practices and stocks are certified as sustainable. A major Canadian customer has set December 2012 and two of Canada's largest retailers December 2013 as dates by which they will stop accepting non-certified fish.

For Freshwater Fish, this means we must provide proof that wild-caught fish come from sustainable fisheries. Certification of sustainability is a long and expensive process requiring government involvement and sponsorship.

Plant Sustainability

The Freshwater Fish plant is 40+ years old and in need of critical re-investment. Plant renovation is crucial to help us meet the ever-increasing food safety and security standards of our customers and to maintain and improve plant efficiencies and yields, thus ensuring the best returns to fishers. Over the past four decades, our commitment to fishers has resulted in payments of over $1 billion – but little re-investment in our processing infrastructure. Our plan for plant renovation and request for financial support is currently under consideration by the federal government.

Two-Way Communication

Freshwater Fish remains committed to maintaining open communication channels with fishers and other industry and government stakeholders. We are in the process of developing a new three-year communications plan to guide stakeholder communications and enhance co-operation and collaboration throughout the supply chain.

WALLEYE CEVICHE

Management Discussion and Analysis

In the 2010/11 fiscal year Freshwater Fish Marketing Corporation achieved an operating profit before accounting adjustments and final payment of $0.8 million. Accounting adjustments of $0.5 million increased earnings to $1.3 million before final payment to fishers. While the final payment of $1.2 million is only slightly less than last year, Freshwater Fish was challenged by lower volumes of delivered fish, reduced processing volumes through the plant, development costs to expand Russian, Polish and Iranian markets, and the Canadian dollar's strength against the US dollar.

Revenue for the year reached $66.8 million, $0.4 million higher than 2010. This achievement is significant given that the Canadian dollar has continued to strengthen against the US currency throughout the year. Deliveries did not keep up with the strong sales resulting in a 37 per cent decline in inventories over the year to $10 million. Freshwater has been working with fishers to reverse the long-term trend of declining deliveries experienced since 2003. In 2008/09 and 2009/10 deliveries increased, but this break in the trend proved short-lived in 2010/11 with a 13 per cent decline from the previous year. Continuing to work toward a solution to this issue will be critical to the future of Freshwater and the fishery.

With deliveries down, the plant processed 9 per cent less volume this year compared to last year which adversely affected overhead

absorption and plant efficiencies. Building and equipment maintenance expenses related to the aging processing plant continued to increase from the previous year.

Changes in the treatment of certain accounting items affected non-operating results. Items including recognition of revenue when risk and rewards are transferred to customers and the accrued obligation for workers' compensation costs contributed to non-operational earnings of $500 thousand.

International Financial Reporting Standards

All publicly-accountable Canadian reporting entities must adopt International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Freshwater Fish will adopt IFRS for the 2012 fiscal year (May 1, 2011 to April 30, 2012) with presentation of comparative information under IFRS for the year ending April 30, 2011. The transition to IFRS has proceeded on schedule, guided by the Audit Committee of the Board of Directors. Key accounting differences from Canadian generally accepted accounting principles (GAAP), the current standards, have been identified and Freshwater Fish has substantially completed the process of transitioning from current Canadian GAAP to IFRS. The most significant adjustments for Freshwater Fish are in the valuation of property and equipment. Disclosure requirements will be incorporated where appropriate. At this time, Freshwater Fish has not determined the impact of adopting IFRS on future financial results.

Markets

Market prices were stronger, led by market shortages in key species such as walleye, and improving economies in many of our overseas markets. Overall sales revenue (excluding the impact of foreign exchange) was up 7 per cent compared to the previous year with market pricing increasing proportionately higher than volumes. Pricing converted into the Canadian dollar was negatively impacted by the Canadian dollar continuing to rise against the US dollar, ultimately surpassing the US dollar in value. This resulted in lower initial prices to fishers.

Walleye

Major markets for walleye are in the USA (Minnesota, North Dakota, Wisconsin and Illinois), Canada, France and Germany. Freshwater Fish entered into a new market for walleye fillets in Poland, the first time this species has been sold to this market. Freshwater expanded its strategic partnerships with a third party that produces battered walleye products and added a new value-added, ready-to-eat retail package with a key customer in France. Freshwater's inventories of walleye were at their lowest levels historically and critical shortages occurred in all sizes in the last quarter of fiscal year 2010/11.

Strong demand, coupled with lower supplies at key competitors, continued to affect the industry. However, reduced quotas and industry consolidation among competitors in Eastern Canada benefited Freshwater Fish, allowing it to achieve tactical price increases in its US markets and Europe. Freshwater Fish capitalized on these factors and walleye pricing reached its all-time highest level by year end in all key markets. Returns for the walleye pool in Canadian dollars continued to be significantly counter-balanced by the negative impact of foreign exchange. Freshwater Fish continues to work to offset this issue, as evidenced by the strong pricing initiatives taken in key markets.

Management Discussion and Analysis (continued)

LAKE WHITEFISH TEMPURA

Deliveries of walleye were up three per cent compared to the previous year due to an increased focus on the species. However, higher prices for walleye caused sauger deliveries to decline.

Moving forward, we expect to maintain our dominance in key markets in the USA, as competitors grapple with a reduced supply of walleye for product destined for foodservice markets. This will impact their ability to meet the volume demands of their existing customers, much less expand into our markets. Freshwater Fish is well positioned with new products and partnerships to take advantage of future market opportunities.

Lake Whitefish

Major markets for lake whitefish are in Finland, Canada, USA, Poland, Russia, Germany and Sweden. After a period of weak markets, lake whitefish pricing stabilized in fiscal year 2010/11 as the over-supply to the New York market tightened and the improving economies of key European markets resulted in increased demand.

With industry-wide inventories higher than long-term averages, Freshwater re-entered and expanded its presence in several other markets, including the Canadian retail polybag market. New markets included expansion into Russia, Poland and Iran. Strategically, Freshwater aggressively pursued the fresh US market through pricing initiatives to maintain its leadership position, increasing sales to this market by 35 per cent compared to the previous year. Frozen markets for lake whitefish in Finland, USA, Germany, Poland and Russia improved as demand

increased and oversupply situations were normalized both at Freshwater and its competitors. Initiatives in this species included re-introducing medium lake whitefish into Russia, lake whitefish fillets and portions into Finland, an aggressive market expansion program into Poland, and a re-designed whitefish polybag program for the Canadian retail market. A resounding success for Freshwater was the development of the Russian market through new customer development, trade shows and market visits. This program was designed with the sole intent of capturing substantially higher volumes in lake whitefish. As a result, sales volumes exceeded 0.6 million kilograms, an increase of over 40 per cent compared to the previous year.

Lake whitefish deliveries were down 11 per cent compared to the previous year, due to several regional factors that negatively affected production. Freshwater Fish offered a winter premium to fishers for lake whitefish for the third consecutive year.

Northern Pike

Major markets for northern pike include France, Canada and USA. Northern pike sales revenue was up 12 per cent compared to the previous year, primarily due to the growth of Freshwater's boneless portion business into France. Freshwater Fish also benefited by adjusting the processing of boneless products to enhance yields and margins in this key growth area. The introduction of skin-on northern pike fillets to France was extremely successful and expanded our value-added offerings in this key northern pike market. Freshwater's most important market for this species remains France, which entered the year in the midst of its worst recession since 1940, and was further impacted by a 25 per cent reduction in the value of its currency (Euro). As the year progressed, the economy in France and the Euro showed small improvements but remained volatile.

Now into its third year, northern pike caviar underwent several processing changes and product reformulations in an effort to develop a more consistent product for its key target market. With a higher quality and more consistent product, average selling prices rose over 39 per cent. Volumes were also up 15 per cent due to expansion into new markets such as Romania. Plans are in place for fiscal year 2011/12 to re-package northern pike caviar under the Embassy brand name as Freshwater seeks to leverage its consumer brand by creating a family of caviar products under one umbrella.

Northern pike deliveries were down over 4 per cent compared to the previous year. Inventories were up slightly due to the Corporation holding higher levels of raw material in whole form to support the growth of the portion business.

Mullet

Major markets for mullet are in New York and eastern Canada, predominantly Orthodox Union kosher-certified products. Mullet sales revenue was down 16 per cent compared to the previous year, with sales volume down 10 per cent. Sales revenue was affected by the strong Canadian dollar and the lack of fresh supply at critical points in the year. Average mullet pricing in Canadian dollars was down as a direct result of the impact of a stronger Canadian dollar, but exceeded budget. Pricing within existing markets held firm, despite the weak economic climate in our key market.

Mullet deliveries were down 54 per cent over the previous year, due to new export dealer licenses, reduced deliveries from Saskatchewan and reduced summer production from Southwest Manitoba. Inventories were reduced through the year as we successfully addressed an oversupply situation in headless mullet from the previous year. Freshwater actively pursued new customers and markets for mullet, and secured a new agreement with a key customer which substantially reduced current inventories of whole headless product.

FINANCIAL RETURNS AND DELIVERIES

Ten Year Summary (2002 – 2011), Fiscal Year Ended April 30
Initial and Final Payments – Millions of Dollars (Current Dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Walleye (Pickerel)										
Delivered Weight[1]	5.1	5.1	5.6	5.6	6.0	6.4	6.2	6.2	5.8	5.9
Price/ Round Kg.[2]	$4.45	$4.65	$3.45	$3.41	$3.15	$3.35	$3.50	$3.33	$3.22	$2.82
Initial Payment[3]	$16.8	$18.2	$19.3	$17.9	$18.2	$20.8	$20.2	$20.8	$17.5	$15.5
Final Payment	$5.9	$5.5	$0.0	$1.2	$0.7	$0.7	$1.5	$0.0	$1.2	$1.2
Total Payment	$22.7	$23.7	$19.3	$19.1	$18.9	$21.5	$21.7	$20.8	$18.7	$16.7
3 Yr. Moving Avg.[4]	$22.1	$23.4	$21.9	$20.7	$19.1	$19.8	$20.7	$21.3	$20.4	$18.7
Lake Whitefish										
Delivered Weight[1]	6.8	7.0	6.7	5.9	5.4	5.5	3.8	5.1	5.1	4.6
Price/ Round Kg.[2]	$1.16	$1.19	$1.10	$1.00	$1.02	$1.09	$1.07	$1.48	$1.38	$1.19
Initial Payment[3]	$7.9	$8.3	$7.4	$5.9	$5.5	$6.0	$3.9	$7.6	$7.1	$5.4
Final Payment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.2	$0.0	$0.0	$0.0
Total Payment	$7.9	$8.3	$7.4	$5.9	$5.5	$6.0	$4.1	$7.6	$7.1	$5.4
3 Yr. Moving Avg.[4]	$8.1	$8.5	$7.9	$7.2	$6.3	$5.8	$5.2	$5.9	$6.3	$6.7
Northern Pike										
Delivered Weight[1]	2.5	2.4	2.3	1.9	1.3	1.7	1.9	2.1	1.9	1.8
Price/ Round Kg.[2]	$0.80	$0.71	$0.65	$0.58	$0.62	$0.59	$0.78	$0.90	$0.86	$0.76
Initial Payment[3]	$1.8	$1.7	$1.5	$1.1	$0.8	$1.0	$1.2	$1.9	$1.6	$1.4
Final Payment	$0.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.3	$0.0	$0.1	$0.0
Total Payment	$2.0	$1.7	$1.5	$1.1	$0.8	$1.0	$1.5	$1.9	$1.7	$1.4
3 Yr. Moving Avg.[4]	$2.2	$2.0	$1.7	$1.5	$1.1	$1.0	$1.1	$1.5	$1.7	$1.7
Sauger										
Delivered Weight[1]	0.7	0.8	0.8	0.6	0.3	0.2	0.1	0.3	0.6	0.2
Price/ Round Kg.[2]	$4.14	$3.88	$3.13	$2.83	$3.17	$2.50	$3.27	$3.65	$3.13	$2.52
Initial Payment[3]	$2.2	$2.5	$2.5	$1.6	$0.9	$0.5	$0.4	$1.0	$1.9	$0.6
Final Payment	$0.7	$0.6	$0.0	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0
Total Payment	$2.9	$3.1	$2.5	$1.7	$1.0	$0.5	$0.4	$1.0	$1.9	$0.6
3 Yr. Moving Avg.[4]	$2.7	$2.7	$2.8	$2.4	$1.7	$1.1	$0.6	$0.6	$1.1	$1.2

FINANCIAL RETURNS AND DELIVERIES

Ten Year Summary (2002 – 2011), Fiscal Year Ended April 30
Initial and Final Payments – Millions of Dollars (Current Dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Mullet										
Delivered Weight[1]	5.0	5.4	3.9	2.6	2.6	1.9	1.8	2.0	2.2	1.0
Price/ Round Kg.[2]	$0.28	$0.26	$0.26	$0.27	$0.31	$0.37	$0.38	$0.39	$0.35	$0.31
Initial Payment[3]	$1.4	$1.4	$1.0	$0.7	$0.8	$0.7	$0.6	$0.7	$0.8	$0.3
Final Payment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0
Total Payment	$1.4	$1.4	$1.0	$0.7	$0.8	$0.7	$0.7	$0.7	$0.8	$0.3
3 Yr. Moving Avg.[4]	$1.5	$1.4	$1.3	$1.0	$0.8	$0.7	$0.7	$0.7	$0.7	$0.6
Perch										
Delivered Weight[1]	0.6	0.5	0.3	0.2	0.2	0.2	0.3	0.1	0.2	0.2
Price/ Round Kg.[2]	$4.50	$3.60	$3.00	$3.50	$2.70	$3.15	$2.99	$2.37	$2.54	$2.56
Initial Payment[3]	$2.2	$1.8	$0.9	$0.6	$0.5	$0.6	$0.8	$0.3	$0.4	$0.4
Final Payment	$0.5	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Payment	$2.7	$1.8	$0.9	$0.7	$1.0	$0.6	$0.8	$0.3	$0.4	$0.4
3 Yr. Moving Avg.[4]	$1.6	$1.8	$1.8	$1.1	$0.7	$0.6	$0.7	$0.6	$0.5	$0.4
Other										
Delivered Weight[1]	1.3	1.6	1.1	0.9	0.0	1.0	0.6	0.8	0.5	0.5
Price/ Round Kg.[2]	$0.77	$0.69	$0.73	$0.67	$0.67	$0.60	$0.50	$0.65	$0.67	$0.67
Initial Payment[3]	$0.9	$1.0	$0.8	$0.6	$0.6	$0.6	$0.5	$0.7	$0.3	$0.3
Final Payment	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Payment	$1.0	$1.1	$0.8	$0.6	$0.6	$0.6	$0.5	$0.7	$0.3	$0.3
3 Yr. Moving Avg.[4]	$0.9	$1.0	$0.9	$0.8	$0.7	$0.6	$0.6	$0.6	$0.5	$0.4
All Pools										
Delivered Weight[1]	22.0	22.8	20.7	17.7	16.7	16.9	14.7	16.6	16.3	14.2
Price/ Round Kg.[2]	$1.85	$1.80	$1.61	$1.68	$1.68	$1.80	$2.02	$1.98	$1.81	$1.68
Initial Payment[3]	$33.2	$34.9	$33.4	$28.4	$27.3	$30.2	$27.6	$33.0	$29.6	$23.9
Final Payment	$7.4	$6.2	$0.0	$1.4	$0.8	$0.7	$2.1	$0.0	$1.3	$1.2
Total Payment	$40.6	$41.1	$33.4	$29.8	$28.1	$30.9	$29.7	$33.0	$30.9	$25.1
3 Yr. Moving Avg.[4]	$39.0	$40.8	$38.3	$34.7	$30.4	$29.6	$29.6	$31.2	$31.2	$29.7

1 Delivered Weight – Round Equivalent Weight (millions of kilograms). 2 Price/Round Kg. – Based on Initial Payment plus Final Payment.

3 Initial Payment – Net of Freight. 4 Three Year Moving Average of Total Payments.

TEN YEAR FINANCIAL SUMMARY

Fiscal Year ended April 30
All amounts in millions of dollars.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales	$68.2	$66.8	$60.3	$59.3	$55.3	$61.6	$58.2	$62.5	$66.4*	$66.8
Net Income (Loss) Before Final Payments	$7.4	$6.2	($0.8)	$1.4	$0.8	$0.7	$2.3	($0.7)	$1.5	$1.3
Fish Purchases	$35.9	$37.7	$35.7	$30.4	$29.2	$32.1	$29.2	$35.3	$31.6	$26.5
Net Income Plus Fish Purchases	$43.3	$43.9	$34.9	$31.8	$30.0	$32.8	$31.5	$34.6	$33.1	$27.8
Accounts Receivable - Trade	$7.4	$7.1	$7.9	$7.0	$5.1	$6.0	$5.5	$6.2	$8.1	$6.7
Inventory - Processed Fish Products	$10.9	$13.7	$14.4	$12.4	$12.6	$12.0	$10.6	$16.0	$15.0	$9.1
Inventory - Packaging Material and Parts	$0.8	$0.9	$0.9	$1.0	$0.9	$0.9	$0.7	$0.8	$0.9	$0.9
Capital Assets - Net Book Value	$6.7	$6.9	$6.7	$6.3	$6.1	$8.6	$10.6	$13.9	$14.3	$13.8
Loans Payable	$11.5	$14.0	$23.1	$18.4	$17.8	$20.7	$18.8	$30.8	$29.4	$23.6
Retained Earnings	$4.2	$4.2	$3.3	$3.3	$3.3	$3.3	$3.6	$2.8	$2.9	$3.0

* Restated to conform with the financial statement presentation adopted in the current year.

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Freshwater Fish Marketing Corporation and all information in this annual report are the responsibility of the Corporation's management.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts, such as the allowance for doubtful accounts, the provision to reduce slow moving or unsellable finished fish inventories to their estimated net realizable value, the derivative financial instruments measured at fair value and the estimated useful lives of plant and equipment, that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee whose members are not officers of the Corporation. The Committee meets with management and the independent external auditor to discuss auditing, internal controls and other relevant financial matters. The Audit Committee meets to review the financial statements with the external auditors and submits its reports to the Board of Directors. The Board of Directors reviews and approves the financial statements.

The Corporation's independent external auditor, the Interim Auditor General of Canada, audited the financial statements of the Corporation in accordance with Canadian Auditing Standards and expressed his opinion on the financial statements to the Minister responsible for Freshwater Fish Marketing Corporation.

John K. Wood
President and Chief Executive Officer
Freshwater Fish Marketing Corporation

Stanley A. Lazar, CMA
Chief Financial Officer
Freshwater Fish Marketing Corporation

Winnipeg, Canada
July 13, 2011

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Fisheries and Oceans

Report on the Financial Statements

I have audited the accompanying financial statements of Freshwater Fish Marketing Corporation, which comprise the balance sheet as at 30 April 2011, and the statement of operations, comprehensive income and retained earnings and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Freshwater Fish Marketing Corporation as at 30 April 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied, except for the change in the method of accounting for revenue and accrued obligation for workers' compensation as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of Freshwater Fish Marketing Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and regulations and by-laws of Freshwater Fish Marketing Corporation.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Interim Auditor General of Canada

13 July 2011
Ottawa, Canada

BALANCE SHEET

as at April 30 (in thousands)

	2011	2010
ASSETS		
Current		
Cash	$ 6	$ -
Accounts receivable (Note 5)	6,734	8,091
Other receivable	263	-
Inventories (Note 6)	10,040	15,901
Prepaid expenses	274	98
Derivative-related assets (Note 5)	478	7
	17,795	24,097
Property, plant and equipment (Note 7)	13,725	14,146
Intangible assets (Note 8)	61	152
	$ 31,581	$ 38,395
LIABILITIES		
Current		
Bank indebtedness	$ -	$ 199
Accounts payable and accrued liabilities (Note 5)	3,409	4,076
Current portion of accrued obligation for workers' compensation (Note 13)	63	-
Provision for final payments to fishers	1,195	1,333
Loans payable (Notes 5 and 9)	23,586	29,363
Derivative-related liabilities (Note 5)	45	516
	28,298	35,487
Accrued obligation for workers' compensation (Note 13)	242	-
EQUITY		
Retained earnings	3,041	2,908
	$ 31,581	$ 38,395

Contingencies (Note 15)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

David Tomasson
Chairperson

Ken Campbell
Director

STATEMENT OF OPERATIONS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

for the year ended April 30 (in thousands)

	2011	2010
OPERATIONS		
Sales		
Export	$ 55,925	$ 54,365
Domestic	10,900	11,993
	66,825	66,358
Cost of sales		
Opening inventory of finished fish products	15,015	15,982
Add fish purchases and processing expenses:		
Fish purchases	26,545	31,592
Plant salaries, wages and benefits (Note 11)	10,689	11,398
Packing allowances and agency operating costs	3,794	4,386
Freight	3,080	2,763
Packaging and storage	3,911	3,895
Utilities and property taxes	1,276	1,395
Amortization of production assets	1,558	2,087
Repairs and maintenance	1,895	1,260
Other	596	683
	68,359	75,441
Less ending inventory of processed fish products (Note 6)	(9,195)	(15,015)
	59,164	60,426
Gross profit on operations	**7,661**	**5,932**
Marketing and administrative expenses		
Salaries and benefits (Note 11)	2,974	2,502
Commissions (Note 12)	1,188	1,191
Data processing, office and professional services	1,355	1,228
Interest expense	574	439
Advertising and promotion	317	357
Meeting fees and expenses	130	163
Other (Note 16)	732	819
Amortization of administration assets	151	156
	7,421	6,855
Other income and expenses		
Other revenue (Note 16)	(623)	(686)
Net foreign exchange gain (Note 5)	(465)	(1,718)
	(1,088)	(2,404)
Income before provision for final payments to fishers	**1,328**	**1,481**
Provision for final payments to fishers	1,195	1,333
Net income and comprehensive income (Note 14)	**133**	**148**
Retained earnings at beginning of the year	2,908	2,760
Retained earnings at end of the year	**$ 3,041**	**$ 2,908**

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended April 30 (in thousands)

	2011	2010
CASH PROVIDED BY (USED IN)		
Operating activities		
Net income and comprehensive income for the year	$ 133	$ 148
Add (deduct) items not affecting cash:		
Amortization	1,709	2,243
Loss on disposal of property, plant and equipment	5	2
Net changes in non-cash working capital:		
Decrease (increase) in accounts receivable	1,357	(1,504)
(Increase) in other receivable	(263)	-
Decrease in inventory	5,861	909
(Increase) decrease in prepaid expenses	(176)	11
(Increase) decrease in derivative related assets	(471)	1,055
(Decrease) increase in accounts payable and accrued liabilities	(667)	79
Decrease in derivative related liabilities	(471)	(672)
(Decrease) increase in provision for final payments to fishers	(138)	1,333
Increase in accrued obligation for workers' compensation	305	-
Cash provided by operating activities	**7,184**	**3,604**
Investing activities		
Additions to property, plant and equipment	(1,496)	(2,921)
Investment tax credits received for property, plant and equipment	293	279
Proceeds on disposal of property, plant and equipment	1	1
Cash used in investing activities	**(1,202)**	**(2,641)**
Financing activities		
Decrease in loans payable and cash used in financing activities	(5,777)	(1,409)
Increase (decrease) in cash during the year	205	(446)
(Bank indebtedness) cash at beginning of the year	(199)	247
Cash (bank indebtedness) at end of the year	$ 6	$ (199)

Supplementary information:		
Interest paid	$ 300	$ 158

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
April 30, 2011

1. AUTHORITY, OPERATIONS AND OBJECTIVES

The Corporation was established in 1969 by the *Freshwater Fish Marketing Act* for the purpose of marketing and trading in fish, fish products, and fish by-products in and outside of Canada. The Corporation is required to purchase all fish legally caught in the freshwater region, which currently encompasses the provinces of Alberta, Saskatchewan, Manitoba, parts of north western Ontario, and the Northwest Territories. Participation of these provinces and territory was established by agreement with the Government of Canada. During the past year the government of the Northwest Territories notified the Corporation of its commitment to remain within the *Freshwater Fish Marketing Act*. Additionally, the governments of the Provinces of Ontario and Saskatchewan have notified the Department of Fisheries and Oceans of their intent to withdraw from the *Freshwater Fish Marketing Act* effective May 31, 2011 and April 2012 respectively.

The Corporation has the exclusive right to trade and market the products of the commercial fishery on an interprovincial and export basis, and it exercises that right with the objectives of marketing fish in an orderly manner, maximizing returns to fishers, promoting international markets, and increasing interprovincial and export trade in fish, fish products, and fish by-products.

The Corporation is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. The Corporation is required to conduct its operations on a self sustaining basis without appropriations from Parliament. An amendment to the *Freshwater Fish Marketing Act* was approved on June 22, 2006 increasing the legislative borrowing limit of the Corporation to \$50 million. As at April 30, 2011, the total borrowings of the Corporation may not exceed \$39.5 million as authorized by the Minister of Finance.

The Corporation is a prescribed federal Crown corporation for tax purposes and is subject to federal income tax under the *Income Tax Act*.

2. CHANGE IN ACCOUNTING POLICIES

Revenue recognition

Effective May 1, 2010, the Corporation changed its revenue recognition policy to recognize sales when the risk and rewards are transferred to customers based on the customer's location as opposed to when products were shipped to customers to better align with the Corporation's practice. The impact of this change on the net income for the current year is approximately \$200 thousand. The impact on the prior year's net income is not significant.

Accrued obligation for workers' compensation

Effective May 1, 2010, the Corporation recognized a liability for the workers' compensation benefits actuarially determined using the net present value of liabilities for benefits for work-related injuries to properly reflect the long-term liability. The change resulted in a recognition of a \$305 thousand liability. The impact on the prior year's net income is not significant.

3. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and include the following significant accounting policies:

Cash and bank indebtedness

Cash represents money in the bank and bank indebtedness is money owing to the bank.

Inventories

Processed fish products are recorded at the actual cost of fish purchases throughout the year plus direct labour and overhead directly related to processing. The Corporation uses a weighted-average cost formula to assign fixed and variable overhead costs to processed fish product inventory. At year-end, inventories are valued at the lower of cost and net realizable value. Inventory write-downs and reversals of write-downs are included in cost of sales in the statement of operations, comprehensive income and retained earnings.

Financial instruments

All financial instruments are classified into one of the following categories: financial assets as held for trading, held-to-maturity, available-for-sale, or as loans and receivables, and financial liabilities as held for trading or as other financial liabilities.

Upon initial recognition, financial assets and financial liabilities are measured at their fair value. Subsequent measurement and changes in fair value will depend on their initial classification or designation which depends on the purpose for which the financial instruments were acquired and their characteristics. Held for trading financial instruments are subsequently measured at fair value and all gains and losses are recognized in net income in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired at which time the amounts would be recognized in net income. Financial assets held-to-maturity, loans and receivables and other liabilities are measured at amortized cost.

The Corporation has designated its cash and cash equivalents (if any) and its bank indebtedness as held for trading since they can be reliably measured at fair value due to their short-term to maturity. Accounts receivable are classified as loans and receivables, and accounts payable and accrued liabilities, the provision for final payments to fishers and loans payable are classified as other financial liabilities. Foreign exchange call options and foreign exchange put barrier options are classified as held for trading. The Corporation has no held-to-maturity or available-for-sale financial assets.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For a financial asset or financial liability classified as held for trading, including derivative financial instruments, all transaction costs are recognized immediately in net income.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is based on the estimated useful lives of the assets using the straight-line method and annual rates:

Buildings	Lake stations and other buildings	5-10%
	Plant	2.5%
Equipment	Machinery and office equipment	10-40%
	Automotive	30%
Fresh fish delivery tubs/totes		10%
Vessels		4.0-6.67%

The costs for systems under development and plant assets being upgraded or purchased, that are not yet operational, are charged to construction in progress. When the assets become operational, the cost is transferred to the appropriate property, plant and equipment classification and amortized accordingly.

The Corporation reviewed the estimated useful life of its plant and equipment as at May 1, 2010 and made changes to the useful lives of certain assets. The changes have been applied in the current and future periods. The effect of the change is disclosed in Note 7.

Intangible assets

Intangible assets include costs associated with information systems software initial set-up and configuration costs. These costs are amortized, after technological feasibility is established, on a straight-line basis over the estimated useful life of approximately 5 years.

Payments to fishers and retained earnings

The Corporation purchases fish at initial prices established by the Board of Directors based upon operational forecasts prepared by the Corporation and the cost of such purchases is included in cost of sales. Final payments to fishers, if any, are approved by the Board of Directors after the end of the year, based on the results of operations for the year, and are excluded from cost of sales. The final payments are charged to operations of the current year. After the final payments are established, any remaining income for the year is recorded as net income and included in retained earnings.

Foreign currency translation

Revenues and expenses are translated into Canadian dollars at the monthly average exchange rate in effect during the year. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. All foreign exchange gains and losses incurred are included in net foreign exchange (gain) loss in the Statement of operations, comprehensive income and retained earnings.

Pension and other benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

The cost of contributions arising from plan initiations or amendments is recognized in a rational and systematic manner over the period during which the Corporation expects to realize the economic benefits, being the average remaining service period of active employees expected to receive benefits.

Accrued obligation for workers' compensation

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. Liabilities for workers' compensation benefits are recorded based on known awarded disability and survivor pensions in respect of injuries or illnesses that have occurred.

The accrued obligation for workers' compensation represents the actuarially determined net present value of liabilities for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation when awards are

approved by the Workers Compensation Board of Manitoba, or when legislative amendments are made and the anticipated future costs can be reasonably calculated.

Changes in the net present value of this unfunded liability are based on updated actuarial estimates of future costs as a result of actual experience and changes in actuarial assumptions. Adjustments arising from actuarial gains and losses are recognized in the year in which they occur.

Revenue recognition

Sales, net of promotional allowances and sales returns, are recorded on an accrual basis and are recognized when the risk and rewards are transferred to the customer.

Derivative financial instruments

Derivative financial instruments are utilized by the Corporation in the management of its foreign currency exposure and not for trading or speculative purposes. The Corporation does not apply hedge accounting to its derivatives. Derivatives are recognized on the balance sheet upon issuance, and removed from the balance sheet when they expire or are terminated. On initial recognition and subsequently, each derivative is recognized as either an asset or a liability on the balance sheet at its fair value. Derivatives with a positive fair value are reported as derivative related assets. Derivatives with a negative fair value are reported as derivative related liabilities. All changes in the fair value of derivatives are recognized in income in the year in which they occur as a component of net foreign exchange (gain) loss.

Investment tax credits

Investment tax credits relating to manufacturing property are recorded as a reduction of the applicable capital assets. Investment tax credits are recorded in the period that the credits are approved by the Canada Revenue Agency provided there is reasonable assurance that the credits will be realized.

Services received without charge

Services received without charge are recorded as administrative expenses at their estimated carrying amount. A corresponding amount is recognized as other income.

Use of estimates

Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make estimates and judgments that affect the amounts and disclosures reported in the financial statements. The more significant areas requiring the use of management estimates are related to the provision to reduce slow moving or unsellable finished fish inventories to their estimated net realizable value, derivative financial instruments measured at fair value, and the accrued obligation for workers' compensation and the estimated useful lives of plant and equipment. Actual results may differ significantly from those estimated. If actual results differ from these estimates, the impact would be recorded in the future period in which the difference becomes known.

4. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)

In accordance with the Introduction to Public Sector Accounting Standards of the PSA Handbook, the Corporation is classified as a government business enterprise (GBE). As a GBE, the Corporation is required to adopt International Financial Reporting Standards (IFRS) effective May 1, 2011. The Corporation has substantially completed the process of transitioning from current Canadian generally accepted accounting principles to IFRS. The most significant adjustments for the Corporation are in the valuation of property, plant and equipment.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Corporation has exposure to the following risks from its use of financial instruments:

i) credit risk

ii) liquidity risk

iii) market risk (which includes currency risk, interest rate risk and other price risk)

This note presents information about the Corporation's exposure to each of the above risks and the Corporation's objectives, policies and procedures for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash, accounts receivable and derivative financial instruments. The carrying amount of financial assets represents the maximum credit exposure.

Cash

The Corporation manages its exposure to credit risk for its cash by depositing only with creditworthy counterparties, such as major Canadian financial institutions. The maximum exposure to credit risk for cash at April 30, 2011 was $6 thousand (2010 – nil).

Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of the Corporation's customer base, including the risk associated with the type of customer and country in which customers operate.

The Corporation manages this risk by monitoring the creditworthiness of customers. The Corporation has established processes when dealing with foreign customers in order to manage the risk relating to foreign customers.

As at April 30, the maximum exposure to credit risk for accounts receivable by geographic region was as follows:

(in thousands)	2011		2010	
	Original currency	$CAD	Original currency	$CAD
Canada	$ 938	$ 938	$ 842	$ 842
United States	4,812	4,554	5,254	5,338
Europe	1,245	1,242	1,887	1,887
Other	-	-	24	24
		$ 6,734		$ 8,091

At April 30, 2011, four customers represented 34% of the total accounts receivable balance. At April 30, 2010 four customers represented 39% of the total accounts receivable balance. Customers primarily represent distributors

The Corporation establishes an allowance for doubtful accounts that reflects the estimated uncollectability of accounts receivable. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, the current business and geopolitical climate, customer and industry concentrations and historical experience.

The aging of trade accounts receivable at April 30 was as follows:

(in thousands)	2011	2010
	Accounts receivable	Accounts receivable
Current 0-30 days	$ 4,570	$ 5,249
Past due 31-60 days	1,426	2,378
Past due over 61 days	384	171
Non-trade accounts receivable	431	366
Total	6,811	8,164
Less: allowance for doubtful accounts	(77)	(73)
Accounts receivable, net	$ 6,734	$ 8,091

Derivative financial instruments

The Corporation manages its exposure to credit risk on its derivative financial instruments by contracting only with creditworthy counterparties, such as major Canadian financial institutions. The maximum exposure to credit risk for derivatives at the reporting date was $ 478 thousand (2010 – $7 thousand).

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The tables below present the contractual maturities of financial liabilities as at April 30:

(in thousands)	2011				
	Total	Less than 1 year	1 – 2 years	3 – 4 years	5 years and more
Accounts payable and accrued liabilities	$ 3,409	$ 3,409	$ -	$ -	$ -
Derivative related liabilities	45	45	-	-	-
Provision for final payments to fishers	1,195	1,195	-	-	-
Loans payable	23,586	23,586	-	-	
Total	$ 28,235	$ 28,235	$ -	$ -	$ -

(in thousands)	2010				
	Total	Less than 1 year	1 – 2 years	3 – 4 years	5 years and more
Bank indebtedness	$ 199	$ 199	$ -	$ -	$
Accounts payable and accrued liabilities	4,076	4,076	-	-	-
Derivative related liabilities	516	516	-	-	-
Provision for final payments to fishers	1,333	1,333	-	-	-
Loans payable	29,363	29,363			
Total	$ 35,487	$ 35,487	$ -	$ -	$ -

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's future cash flows or the fair values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Corporation is exposed to currency risk on a significant portion of its sales transactions which are denominated in U.S. dollars. The Corporation hedges up to 80 percent of all trade receivables denominated in U.S. dollars and a portion of its forecasted sales, based on its hedging policy. In addition, a portion of loans payable are U.S. dollar denominated (Note 9). The Corporation manages its exposure to exchange rate fluctuations between the U.S. dollar and the Canadian dollar by entering into the following types of financial instruments, with a maturity of less than one year from the reporting date and only within limits approved by the Board of Directors:

Fade-in forward – Forward contracts that provide the Corporation the ability to exchange currencies on a monthly basis given that the spot rate is at or above the fade-in level at each monthly valuation date.

At maturity variable rate forward – Forward contracts that provide the Corporation the ability to exchange currencies at a pre-agreed strike rate. In the event that the spot rate trades above the contractual strike rate or at or below the predetermined conditional trigger rate, no currencies exchange occurs.

Conditional variable rate forwards – Right to exchange currencies at a pre-agreed strike rate. In the event that the spot rate trades at or above a predetermined conditional trigger rate and at or below a predetermined cancellation trigger rate, the right to exchange currencies becomes an obligation to exchange currencies at the same strike rate.

Monthly settling accumulating forwards – Forward contracts that provide the Corporation with the ability to exchange currencies on a monthly position at an improved rate to an outright forward contract. The accumulation of the position is dependent upon the spot rate staying above an accumulating level on each monthly setting.

The Corporation also uses such contracts in the process of managing its overall cash requirements. Included on the balance sheet are derivative related assets of $ 478 thousand (2010 - $7 thousand) and derivative related liabilities of $45 thousand (2010 – $516 thousand) representing the fair value of derivative financial instruments held as at April 30:

(in thousands)	2011	2010
Fade-in forward	$ 18	$ -
At maturity variable rate forwards	415	-
Conditional variable rate forwards	-	(296)
Monthly settling accumulating forwards	-	(213)
Assets, net of liabilities	$ 433	$ (509)

Notional principal amounts outstanding as at April 30 are listed below for foreign exchange derivative contracts entered into by the Corporation:

(in U.S. $ thousands)	2011	2010
Fade-in forward	$ 12,000	$ -
At maturity variable rate forwards	13,200	-
Conditional variable rate forwards	-	19,400
Monthly settling accumulating forwards	-	12,000

The net foreign exchange gain of $465 thousand (2010 - gain of $1,718 thousand) includes a gain of $942 thousand representing the change in fair value of derivative financial instruments classified as held for trading (2010 - loss of $383 thousand).

As at April 30, the Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable and accrued liabilites and loans payable as follows:

(in U.S. $ thousands)	2011	2010
Cash	$ 1,278	$ 25
Accounts receivable	5,165	5,224
Accounts payable and accrued liabilities	(83)	(77)
Loans payable	(4,000)	(4,000)
	$ 2,360	$ 1,172

Based on the net exposure as at April 30, 2011, including the derivative financial instruments described above and assuming that all other variables remain constant, a 10 percent appreciation in the Canadian dollar against the U.S. dollar would result in an increase in net income and comprehensive income of $1,067 thousand (2010 - $1,561 thousand). A 10 percent depreciation in the Canadian dollar against the U.S. dollar would result in a decrease in net income and comprehensive income of $1,380 thousand (2010 - $1,644 thousand).

Interest rate risk

At April 30, 2011, the Corporation's loans payable of $23,586 thousand (2010 - $29,363 thousand) are variable rate instruments.

An increase of 100 basis points in interest rates at the reporting date would have decreased net income and comprehensive income by $292 thousand, assuming that all other variables, in particular foreign exchange rates, remained constant (2010 - $342 thousand).

Other price risk

The Corporation believes it is not exposed to any other significant price risk in relation to its financial instruments.

Fair value

The fair values of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, provision for final payments to fishers, and loans payable approximate their respective carrying values due to the relatively short period to maturity of these financial instruments. Derivative financial instruments are measured at their fair value on the balance sheet. The estimate of the fair value of the foreign exchange call options and foreign exchange put barrier options is calculated using a valuation technique commonly used for these instruments.

The fair value measurements as recorded in the balance sheet are classified as follows:

(in thousands)	2011			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative related assets	$ -	$ 478	$ -	$ 478
Liabilities				
Derivative related liabilities	$ -	$ 45	$ -	$ 45

(in thousands)	2010			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative related assets	$ -	$ 7	$ -	$ 7
Liabilities				
Derivative related liabilities	$ -	$ 516	$ -	$ 516

6. INVENTORIES

As at April 30, inventory included:

(in thousands)	2011	2010
Raw materials and supplies	$ 845	$ 886
Processed fish products	10,151	16,841
Write-down of processed fish products	(956)	(1,826)
	$ 10,040	$ 15,901

The amount of write-downs of inventories recognized as expense in the year ended April 30, 2011 is $710 thousand (2010 – $1,784 thousand). Inventory write-downs are included in inventory values in the cost of sales.

7. PROPERTY, PLANT AND EQUIPMENT

(in thousands)	2011			2010
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Land	$ 336	-	$ 336	$ 336
Buildings	13,184	8,621	4,563	4,833
Equipment	20,887	15,360	5,527	5,739
Fresh fish delivery tubs/totes	1,467	1,006	461	597
Vessels	3,332	683	2,649	2,564
Construction in progress	189	-	189	77
	$ 39,395	$ 25,670	$ 13,725	$ 14,146

Amortization expense is recorded on the statement of operations, comprehensive income and retained earnings in cost of sales (2011 - $1,558 thousand; 2010 - $2,087 thousand) and in marketing and administrative expenses (2011 - $41 thousand; 2010 - $59 thousand).

The Corporation reviewed the estimated useful life of property, plant and equipment as at May 1, 2010 and made changes to the useful lives of certain assets. The impact of this change is a decrease in amortization for 2011 of $319 thousand. There was no retrospective adjustment.

8. INTANGIBLE ASSETS

(in thousands)	2011			2010
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Information systems software	$ 1,823	$ 1,762	$ 61	$ 152

Included in the amortization of administrative assets expense is $110 thousand (2010 – $97 thousand) related to the amortization of intangible assets.

9. LOANS PAYABLE

(in thousands)	2011	2010
Promissory note	$ 3,786	$ 4,063
Bankers' acceptances	19,800	25,300
	$ 23,586	$ 29,363

During the year, the Corporation renewed its revolving demand credit facility providing access to funds up to the amount of $39.5 million (2010 - $ 43.0 million) Canadian or its U.S. dollar equivalent. The funds are advanced through loans, overdrafts, promissory notes and bankers' acceptances.

The bankers' acceptances bear interest at an annual rate of 1.15% (2010 – 0.35%) and mature on May 5, 2011. The weighted-average interest rate during the year was 0.97% (2010 – 0.37%). Subsequent to May 5, 2011, new bankers' acceptances were entered into at a rate of 1.15%.

The $4,000 thousand U.S. dollar denominated promissory note ($3,786 thousand Canadian dollars) is repayable in U.S. dollars, bears interest at an annual rate of 1.25% (2010 – 1.22%) and matures on June 22, 2011. The weighted-average interest rate during the year was 1.22% (2010 – 1.19%).

The bankers' acceptances and promissory note are secured by the authorization of the Minister of Finance of the Corporation's bank borrowing limit (Note 1).

10. CAPITAL MANAGEMENT

The Corporation is subject to the *Freshwater Fish Marketing Act* and the *Financial Administration Act* (the Acts) and any directives issued pursuant to the Acts. These Acts affect how the Corporation manages its capital by, among other things, setting broad objectives for the Corporation. Specifically, the Corporation must have regard for the need to conduct its operations on a self-sustaining financial basis while generating a return to the Government of Canada and to fishers.

The Corporation defines and computes its capital as follows:

(in thousands)		2011		2010
Retained earnings	$	3,041	$	2,908
Loans payable		23,586		29,363
	$	26,627	$	32,271

The Corporation's objectives in managing capital are to:

- Provide sufficient liquidity to support its financial obligations and its operating and strategic plans;
- Generate increasing returns to the fishers; and
- Maintain financial capacity and access to credit facilities to support future development of the business, including for capital expenditures.

In 2010 and 2011, the Corporation primarily relied on cash flows provided by operating activities to support its objectives.

The Corporation's ability to obtain additional capital is subject to market conditions and pursuant to the provisions of the Acts. The limitations on the borrowings of the Corporation and its access to credit facilities are outlined in Note 1. Pursuant to Part X of the *Financial Administration Act*, the Corporation must indicate its intention to borrow money in the annual corporate plan, or in an amendment thereto, which are subject to the approval of the Board of Directors and the Governor in Council. The timing of future borrowings is not determinable.

These objectives and strategies are reviewed in the annual corporate plan submission, approved by the Board of Directors. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2010.

The Corporation is not subject to any externally imposed capital requirements.

11. PENSION BENEFITS

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at April 30, 2011 was 1.86 (2010 - 1.94). Total contributions of $1.17 million (2010 - $1.05 million) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with the Canada Pension Plan benefits and they are indexed to inflation.

Effective June 1, 2007, the Corporation concluded an agreement with its union that established the employment status of its fish plant employees on a going forward basis and retroactively to April 1, 1973. During 2011, the Corporation agreed to terms with the Public Service Pension Centre (PSPC) that established the manner in which the Corporation will document cases for employees who should become members under the Public Service Superannuation Act (PSSA) retroactively and on a going forward basis. It also established how the PSPC will deal with those cases in establishing the pension status of the Corporation's fish plant employees. PSPC establishes the employee's eligibility to contribute, the periods of service countable for pension purposes and the periods of service that an employee can buy back. As employee contributions are made to the pension plan, the Corporation is required to fund the employer's portion of these contributions, including amounts owing for past service.

(in thousands)		2011		2010
Accrued benefit liability	$	1,308	$	282
Unamortized past service costs		1,168		-
Accrued benefit liability - April 30	$	140	$	282

The Corporation estimates that it has a discounted obligation of $1,308 thousand for future matching contributions required for current and retired employees. Accordingly, a liability of $140 thousand, representing the actuarial obligation for retired employees, has been recorded in the current year.

12. SALES COMMISSIONS

During the year, the Corporation paid commissions of $1,188 thousand (2010 - $1,191 thousand) to sales agents, all of which were paid to foreign sales agents. Commissions are included in marketing and administrative expenses on the statement of operations, comprehensive income and retained earnings.

13. ACCRUED OBLIGATION FOR WORKERS' COMPENSATION

The Corporation's accrued obligation for workers' compensation represents the unfunded liability for the costs of benefits specified and administered by the Workers Compensation Board of Manitoba for work-related injuries of Freshwater Fish Marketing Corporation employees. The actuarially determined liability consists of long-term pension awards and temporary compensation costs related to future claims payment administration by the Workers Compensation Board of Manitoba.

The statement of operations, comprehensive income and retained earnings includes a charge of $257 thousand, which relates to workers' compensation payments, interest charges on the workers' compensation obligation and an actuarial loss.

The actuary used assumptions, as agreed with management, in the calculation of the liability including inflation rates, interest rates, mortality rates and aggregate claim projections for incidents which have occurred. The actuarial liability

could be materially different if assumptions on which the valuation is based vary significantly in future years. Changes in the liability are recognized based on an extrapolation of actuarial results and adjustments arising from actuarial gains and losses in the year in which they occur. An actuarial valuation of the liability was performed at April 30, 2011 to establish a measurement of the liability.

The Corporation's workers' compensation costs and obligations consist of:

(in thousands)		2011
Workers' compensation obligations (actuarial value)	$	305
Less: current portion		63
Non-current portion	$	242
Benefits paid	$	236
Workers' compensation costs	$	257

Determination of workers' compensation costs for the year is calculated as:

Current service costs	$	235
Interest costs		19
Actuarial loss		3
Workers' compensation costs	$	257
Weighted-average assumptions:		
Discount rate for obligation		4.3%
Health care trend		5.0%
All other cost indexation		2.25%

14. INCOME TAXES

The Corporation is eligible to deduct for tax purposes a portion of its capital cost allowance, and accordingly, has no taxable income for the year (2010 - nil). At April 30, 2011 the estimate of the excess of undepreciated capital cost over the net book value of property, plant and equipment amounted to $1,073 thousand (2010 actual - $2,678 thousand) which can be used to reduce future years' taxable income. No amount has been recorded in the financial statements with respect to this excess amount since it is not considered more likely than not that any future income tax benefits will be realized.

15. CONTINGENCIES

The Corporation is involved in various legal claims arising from the normal course of business. The outcome of these claims is currently not determinable, and accordingly, no amounts have been recorded in the financial statements. It is the opinion of management that any amounts payable arising from these claims will not have a material adverse effect on the financial position of the Corporation. Amounts payable, if any, will be recorded in the year in which any liability is considered likely and the associated costs can be reasonably estimated.

16. SERVICES RECEIVED WITHOUT CHARGE

During the year, the Corporation received audit services without charge from the Office of the Auditor General of Canada. This non-monetary transaction has been recorded as both an expense and revenue in the amount of $623 thousand (2010 – $686 thousand).

17. COMPARATIVE FIGURES

Certain of the previous year's comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

CORPORATE GOVERNANCE

A Board of 11 Directors, including the President and Chief Executive Officer, governs Freshwater Fish. All Board positions are federal Order-in-Council appointments, with five appointed on recommendation of the participating provincial governments. At the close of the fiscal year, two of these positions were vacant. Respected Board Director Gordon McDougall passed away in October 2010; he was originally appointed to the Board in 1996 and served faithfully until his death.

Freshwater Fish Board members met five times in Winnipeg during the fiscal year. Each quarter, the Board undertook a comprehensive review of financial results and operational issues. At the July 2010 meeting, the Board received the annual audit report from the Office of the Auditor General of Canada (OAG) and approved the 2009/10 Annual Report. In November 2010, the OAG presented its Special Examination Report (conducted every 10 years) to the Board. The Report was officially released on December 15. In February 2011, the Board met to approve its five-year annual Corporate Plan and operating budget for submission to Treasury Board. At its April 2011 meeting, one day was dedicated to annual governance training with a professional presenter.

For the first quarter of the fiscal year, President and CEO John Wood also served as Acting Chairperson of the Board until the appointment of new Chair David Tomasson on August 6, 2010. For 2010/11, eight of the Board Directors were fishers and five were Aboriginal. The Board believes this composition reflects the geographical scope, interests and well-being of its multicultural stakeholders.

Freshwater Fish's Audit Committee, comprised of Committee Chairperson Harold Dueck, Board Chairperson David Tomasson and two other Board members, met five times during the 2010/11 fiscal year. Director Irvin Constant served on this Committee for the first half of the fiscal year until his retirement in December 2010; Gail Wood was appointed to replace him. The Committee oversees FFMC's financial reporting process on behalf of the Board and reports at each Board meeting.

Board members exercised their liaison role with all levels of government and fisher association stakeholders by attending numerous private and public meetings, conferences and information sessions in the provinces and communities they represent. A Quarterly Report is issued to stakeholders highlighting key financial results and commenting on the progress of fisheries across the Freshwater Fish region.

Under the Export Dealer Licence policy, the Board renewed five licences and considered five new applications, three of which were approved, for a total of eight active licences.

Fisheries and Oceans Minister Gail Shea visited Freshwater Fish to meet with senior management and tour the plant in December 2010. Freshwater Fish held its first Annual Public Meeting on February 24, 2011, in Winnipeg, attracting nearly 200 attendees. Other major governance-related conferences and annual meetings attended included the Fisheries Council of Canada Annual General Meeting, Seafood Value Round Table, Aboriginal Fisheries Forum and a Crown Corporation Governance course.

BOARD OF DIRECTORS

David Tomasson
Chairperson of the Board
Winnipeg, Manitoba
Occupation: Fisher and Chairperson, Freshwater Harbour Authority Advisory Committee
Served on Board: 9 months

John Wood
President and Chief Executive Officer
Winnipeg, Manitoba
Served on Board: 4.5 years

Ron Ballantyne
Grand Rapids, Manitoba
Occupation: Fisher
Served on Board: 7.5 years

Bert Buckley
Hay River, Northwest Territories
Occupation: Fisher
Served on Board: 12 years

Ken Campbell
Gimli, Manitoba
Occupation: Fisher
Served on Board: 2 years

Terry Bennett
Matheson Island, Manitoba
Occupation: Fisher, Director of Matheson Island Fish Marketing Co-op, Employee of Hazco Environmental Waste Clean Up
Served on Board: 6 months

Irvin Constant
The Pas, Manitoba
Occupation: Fisher
Served on Board: 15 years
(retired Dec 2010)

Angus Gardiner
Île-à-la-Crosse, Saskatchewan
Occupation: Fisher
Served on Board: 2.5 years

Gordon McDougall
Ashern, Manitoba
Occupation: Fisher, Owner, GSM Enterprises Ltd.
Served on Board: 15 years
(deceased Oct 2010)

Bob Paterson
Sioux Lookout, Ontario
Occupation: Area Supervisor, Ontario Ministry of Natural Resources
Served on Board: 7 years

Gail Wood
Edmonton, Alberta
Occupation: Owner, Wayne Wood Fresh Fish Ltd.
Served on Board: 4 years

Two Vacant Seats

AUDIT COMMITTEE

Freshwater Fish established an Audit Committee in 2009/10. The current Committee is comprised of Harold B. Dueck (Chairperson), David Tomasson (Board Chairperson) and Board members Ken Campbell and Gail Wood. Irvin Constant served on the Committee for the first half of the fiscal year, until his retirement. Gail Wood is his replacement.

EMPLOYEE RECOGNITION

Freshwater Fish extends its thanks to the following employees who have dedicated their careers to ensuring a dependable supply of high-quality freshwater fish products, excellent customer value and maximizing returns to fishers.

35+ years: Betty Ploschak, Mark Sopher, Charles Taylor, Shelley Wills

30+ years: Dave Bergunder, Vera Blazevic, Larry Calder, Pat Calder, Margaret Camire, Rob Charbonneau, Damian D'Souza, Janice Franco, Ray Freeman, Danny Haywood, Denise Hudrick, Larry Ilchyna, Gerald Leach, Melvin Paul, Adriano Saria, Erlinda Saria, John Sikomas, Mike Sopher, Gord Swidirski, Calvin Thorsteinson, Craig Zacharias .

CORPORATE OFFICERS

John Wood
President and Chief Executive Officer
Email: john.wood@freshwaterfish.com

Stan Lazar
Chief Financial Officer
Email: stan.lazar@freshwaterfish.com

Paul Cater
Vice-President, Sales and Marketing
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David Northcott
Vice-President, Operations
Email: david.northcott@freshwaterfish.com

Wendy Matheson
Director of Human Resources and Government Services
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